

Attachment 6F: Coding of Foreign Military Sales Related Transactions Public versus Intragovernmental

In general, transactions with the Foreign Military Sales Trust Fund (11X8242) should be coded as public. Foreign Military Sales (FMS) are, by definition, transactions with entities outside the United States government. The FMS Trust Fund serves as a conduit (i.e., pass-through) to the other country. However, certain service-related transactions with the Defense Security Cooperation Account (AT97AM6_6800), which manages the Trust Fund, may be intragovernmental activities, and should be coded to the default trading partner (AT97AE6_9999). For example, the revenue, accounts receivable, etc. related to contract management, contract audit or financial management activities as performed by DCAA, DCMA, and DFAS for the Trust Fund are intragovernmental.

As stated above, only transactions directly with the Trust Fund related to Foreign Military Sales are by definition public. Having said this, it must be recognized that there may be transactions prior to the final transaction with the Trust Fund that could be coded as intragovernmental. For example, if a foreign country were buying planes from the Department of the Navy that needed modification, the transfer of the planes to the Trust Fund would be public. However, if the Navy Working Capital Fund performed related aircraft modification work for the Navy General Fund, then the work between these entities, although connected to a Foreign Military Sale, would be intragovernmental.

We recognize that this guidance does not resolve the FMS issues related to proprietary versus budgetary accounting and AFS versus monthly reporting. DFAS-AR is working with OUSD(C) and other applicable parties to resolve these other issues. Until resolved, these FMS related transactions will cause valid differences in the Section V reconciliations.